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CMS

City-CUB Exhibit 1.13

Zach K K Z
(CUB)

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Tom:

I think these are the key points for your meeting:

* The problem has not gone away. We have 4% or about 8 BCF unaccounted for with a current market value of about \$40 million. This is now only a PGA issue but could be impacting our distribution fees and bottom line at some point.

is either a measurement error (meaning PGL is buying more supply in GMS than it is billing out in CFirst) or an accounting error (meaning our reports do not capture all the volumes or transactions, in and out.) We do not believe it is a physical loss.

* 2% appears to be consistently lost between our gas purchase ledger (GMS) and what is delivered at the citygate (upstream). This loss will be primary target since it more manageable (six pipelines and a few producers.) To identify the loss on this piece, we are attempting to reconcile between GMS and volumes delivered to our citygate each day. Daily activity should unmask things lost in a full month's activity. Tom Zack's group has committed to provide daily GMS, Pegasys, and storage injection statements in July. Improvements in the Manlove measurement and Mahomet linepack are already evident but we need to be diligent.

* The downstream and inside the citygate is another 2%. Much more difficult to isolate because of the volume of transactions. Other LDCs are in this range but we should confirm CFirst process is operating correctly. To accomplish this, need cooperation of CSD, Operations, to analyze data and conduct tests.

* We need to raise awareness of the issue, split upstream and downstream monthly, and ask responsible business units to tell us why going up or down each month. The upstream L1A is largely Bill Morrow's groups (Gas Control plus Supply.) Differences between GMS accounting sendout (total purchases less storage injections) and Gas Control citygate should be explained. Desiree's group should explain downstream and why CFirst billings plus estimates are different than Gas Control citygate. Accounting should coordinate this with business units and adjust for any book reservations made (Dean.)

* I will provide you with a more specific list of tasks and resources needed. I will also update the FYTD and provide some YOY comparisons. Finally, I will identify those persons who I see as key to any Task Group, if warranted. I need the dedication and special skills of individuals from each group.